

PUBLIC WORKS COMMITTEE

DATE: September 6, 2007

CALLED TO ORDER: 4:38 p.m.

ADJOURNED: 6:39 p.m.

ATTENDANCE

ATTENDING MEMBERS

Mary Moriarty Adams, Acting Chair
Ginny Cain
André Carson
Scott Keller
Dane Mahern
Mike Speedy
Ryan Vaughn

ABSENT MEMBERS

Lonnell Conley
Angela Mansfield

AGENDA

PROPOSAL NO. 384, 2007 - approves a public-private agreement between the Department of Public Works and White River Environmental Partnership for operation and maintenance of Advanced Wastewater Treatment Facilities and Wastewater and Stormwater Collection System
"Do Pass" Vote 7-0

BUDGET REVIEW and ANALYSIS

PROPOSAL NO. 338, 2007 - adopts the annual budget for the Solid Waste Collection Special Service District for 2008
"Do Pass as Amended" Vote 6-0

PROPOSAL NO. 342, 2007 - adopts the annual budget for Indianapolis and Marion County for 2008 (Public Works portion only)
"Do Pass as Amended" Vote 7-0

PUBLIC WORKS COMMITTEE

The Public Works Committee of the City-County Council met on Thursday, September 6, 2007. Acting Chair Mary Moriarty Adams called the meeting to order at 4:38 p.m. with the following members present: Ginny Cain, André Carson, Scott Keller, Dane Mahern, and Ryan Vaughn. Mike Speedy arrived shortly thereafter. Absent were Lonnell Conley and Angela Mansfield. Representing Council staff was Bart Brown, Chief Financial Officer.

Acting Chair Moriarty Adams welcomed Councillor Carson to the Committee. She said that the Committee will hear Proposal No. 384, 2007 after the budget proposals are heard.

BUDGET REVIEW and ANALYSIS

PROPOSAL NO. 338, 2007 - adopts the annual budget for the Solid Waste Collection Special Service District for 2008

Robert Clifford, City Controller, said that there are a couple of minor amendments to Proposal No. 338, 2007. Jeff Seidenstein, Budget Manager, Office of Finance and Management (OFM), distributed a handout (attached as Exhibit A) outlining the proposed changes to the ordinance. He also spoke to an electronic spreadsheet that described the proposed changes. He said that Exhibit A reflects the first change in the appropriations to the Department of Public Works (DPW) out of the Solid Waste Collection Service District Fund. He said that the change reflects a decrease in Character 01, Personal Services, from \$8,152,711 to \$7,630,992, which results in a fund total of \$27,103,373. Mr. Seidenstein said that the change was discovered during the budget review process and is due to extra money that was originally put in for health insurance that was not needed and some other minor adjustments.

Mr. Seidenstein said that there is another appropriation in the original ordinance, out of the same fund to the Indianapolis Metropolitan Police Department (IMPD) to fund a couple of officers that work in Environmental Enforcement, specifically Illegal Dumping. He said that the IMPD portion of the budget will go before the Public Safety Committee.

Mr. Seidenstein said that the other change included in the amendment is to the 16-line statement that reflects the change as described for Solid Waste Collection Service District Fund, Character 01, Personal Services. He said that there is a Summary Page that is not included in Exhibit A that reflects this change. Chair Moriarty Adams asked if a copy of the Summary Page can be made available for the Committee. Mr. Seidenstein answered in the affirmative, and stated that the Summary Page shows that the total has been changed from \$27,768,000 to \$27,246,895, which includes the IMPD portion.

Councillor Mahern moved, seconded by Councillor Keller, to amend Proposal No. 338, 2007 as described in Exhibit A. The motion carried by a vote of 6-0.

Councillor Cain asked to view the Summary Page on the electronic spreadsheet. Mr. Seidenstein explained that the spreadsheet summarizes the appropriation shows the miscellaneous revenues, the tax levy, the estimated assessed valuation for the district, and the proposed tax rate. He stated that the assessed value is an estimate, as the 2007 assessed value that had been certified by the Department of

Local Government Finance (DLGF) was used, and OFM is reflecting the same tax rate that the State approved for 2007. Those numbers may be subject to change based on the new assessments. Mr. Clifford added that the levy, which is the tax paid by the citizens, cannot increase because of the Local Option Income Tax. He said that OFM used the tax rates that were calculated by the DLGF and the assessed value that they certified and then rejected. Those rejected values were used only because better numbers were not available. Mr. Clifford said that the fact that taxes cannot increase is true for all levies, except for Debt Service levies and Cumulative Fund levies, which are either lowered or maintain previous year's levels.

Councillor Mahern moved, seconded by Councillor Keller, to forward Proposal No. 338, 2007 to the full Council with a "Do Pass as Amended" recommendation. The motion carried by a vote of 6-0.

[Clerk's note: Councillor Speedy arrived at 5:05 p.m.]

PROPOSAL NO. 342, 2007 - adopts the annual budget for Indianapolis and Marion County for 2008 (Public Works portion only)

Mr. Seidenstein distributed a handout (attached as Exhibit C) outlining amendments for Proposal No. 342, 2007. He said that the first change is an increase from \$10,121,186 to \$10,154,079 in Character 01, Personal Services of DPW's Consolidated County Fund. He said that the increase of \$32,893 is due to a miscalculation of health insurance for the additional positions that DPW will have working in Fleet Services to maintain the Fire apparatus that was included in the merger with Warren Township Fire Department. Mr. Seidenstein said that this adjustment changes the total appropriations to \$10,149,747.

Mr. Seidenstein said that all of the changes are in Character 01 because of miscalculations of health insurance and other fringe benefits. He said that there were also decreases due to salary increases that were not intended. He said that the amount of the Character 01, Personal Services of the Transportation General Fund decreased from \$14,806,434 to \$14,513,949, resulting in a total of \$43,781,833. Mr. Seidenstein stated the change in Character 01 reflects a reduction of \$292,485. He said that the next change is in Character 01, Personal Services of the Storm Water Management Fund, and reflects a reduction of \$21,462. Mr. Seidenstein said that the next change reflects a reduction of \$62,406 in Character 01, Personal Services of the Sanitation Liquid Waste Fund. Mr. Seidenstein said that there are no proposed changes for the Solid Waste Disposal Fund and the County Cumulative Capital Improvement Fund. He said that the next change reflects a slight reduction of \$780 in Character 01, Personal Services of the Parking Meter Fund. Mr. Seidenstein said that there is no change in the City Cumulative Capital Development Fund.

Councillor Mahern moved, seconded by Councillor Keller, to amend Proposal No. 342, 2007 as described in Exhibit C. The motion carried by a vote of 7-0.

Councillor Keller asked, with respect to the "Repayment of 2006 loan made to the Marion County General Fund" line item listed in the Sanitation Liquid Waste Fund on page 3 of Exhibit C, if the Council originally allowed a loan of \$2 million. Mr. Seidenstein answered that a loan for \$1.1 million was made out of the Sanitation Liquid Waste Fund to the County to help pay for jail beds. He said that the loan will be repaid after July 1, 2007. Mr. Seidenstein said that the other changes in the Sanitation

Liquid Waste Fund include an addition of \$1.1 million of Federal Aid. He said that this change is a little different on the electronic spreadsheet than Exhibit C because the original numbers are next to the proposed changes. He said that another other change to this fund is technical and takes out the word "Water" and replaces it as "Property", as it should have read in the original ordinance. The last change takes out the words "Transfer from Sanitation Liquid Waste to Marion County General." Mr. Seidenstein stated that miscellaneous revenues for the second half of 2007 now reflect a total of \$34,202,649. There are no changes for 2008.

Mr. Seidenstein said that the changes in the Storm Water Management Utility Fund reflect a transfer of \$146,700 to the Marion County General Fund, which will pay for the County's appropriation and subsidy payment to the Soil and Water Conservation District (SWCD) that was budgeted in the County Auditor's Office for 2007. He said that this appropriation will be in DPW's appropriations for 2008, but it has been revised to have the revenue transferred from the Storm Water Fund to the County General Fund to be paid for 2007. The last change in this fund reflects a transfer of \$300,000 out of the Storm Water Fund to the Marion County ISA Fund to help pay for the property system. Mr. Seidenstein said that the transfer was previously approved by the Council but had not been put into the ordinance.

Councillor Mahern asked if the SWCD will remain in the DPW budget beginning in 2008. Mr. Seidenstein answered in the affirmative, and stated the change was planned to be permanent. He said that the amount that is awarded to the SWCD is subject to the Council's approval each year. Councillor Mahern said that he thinks that it makes sense for it to be in the DPW budget and that it should remain there to ensure better tracking. Mr. Seidenstein agreed, and stated that it was changed this year to reflect a direct appropriation from the Storm Water Fund. He said that DPW will enter into a contractual, Memorandum of Understanding (MOU) arrangement with SWCD for payment of services rendered.

Councillor Keller asked if there was a mistake in the Transportation General Fund under All Other Revenue, Miscellaneous. Mr. Seidenstein answered in the negative, and explained that there was a case in which a sizeable donation of approximately \$5 million came in from the Central Indiana Community Foundation for the Cultural Trail. Mr. Seidenstein said that another change reflects a revision to \$30,083,666 for the Intergovernmental revenue, of which most is in the form of motor vehicle highway taxes that come from the State. Additionally, the amount of Wheel Tax that is allocated to the Transportation Fund has been reduced by \$1,972,530 and a transfer to the Transportation Revenue Bond Fund has been eliminated. He said that essentially, \$1.9 million of Wheel Tax will be directly deposited into the Revenue Bond Fund instead of depositing it into the Transportation General Fund and then transferring it to the Revenue Bond Fund. Mr. Seidenstein said that this change makes the process more efficient and is taking place because some wheel tax money was pledged to help pay back bonds as part of the financing plan for one of the Transportation Revenue Bond funds. Councillor Mahern commented that these types of changes make it easier for the Committees and the public to keep track of how money is spent.

Mr. Seidenstein said that the 2008 total revenues for the Parking Meter Fund equal approximately \$1.5 million net of transfers. He added that \$2.5 million was transferred to the Consolidated County Cumulative Capital Fund from the County Cumulative Capital Fund, along with a small amount of miscellaneous revenues. Mr. Seidenstein said that all of the next changes are changes to the 16-line

statements that reflect the changes to appropriations and revenues that have previously been discussed. Mr. Seidenstein commented that there is no tax rate associated with the Sanitation Liquid Fund or the Solid Waste Disposal Fund. He said that the Storm Water Management Utility Fund reflects a change that was not discussed on line 3, Additional appropriations necessary to be made July 1 to December 31. He said that when the ordinance was originally introduced there was a \$300,000 appropriation that was erroneously included, and that amount has been eliminated, which results in decreased fund balance of \$21,847,896 for 2008. Mr. Seidenstein that there was also a change in the 16-line statement of the Parking Meter Fund, which was not included in Exhibit C, that reflects a decrease of \$708 and a total fund balance of \$336,650. In addition, there is no tax rate associated with the Parking Meter Fund. Mr. Brown stated that the 16-line statement for the Parking Meter Fund does not have to be included in the amendment because if the Committee approves the change in the appropriation of the Parking Meter Fund, the change in the 16-line statement will automatically be updated to reflect that change. Mr. Brown also stated that Mr. Clifford will update the Summary pages to include all the changes made to the ordinance and distribute to the Committees next week. Mr. Seidenstein added that some of the funds are used by more than one department. For example the Transportation Fund is used by DPW, the Department of Metropolitan Development (DMD) and the Parks Department, and this Committee is only approving the appropriations and miscellaneous revenues for DPW.

Mr. Seidenstein distributed an additional amendment to Proposal 342, 2007 (attached as Exhibit D), and stated that the amendment reflects the change in Full Time Equivalent (FTE) positions for DPW. He said that the change as illustrated on page 1 of Exhibit D reflects a decrease of Full Time FTEs from 244 to 243 and a decrease of Union FTEs from 434 to 433, for a total of 678.50 FTEs for DPW. Mr. Seidenstein said that the changes coincide with the numbers that were submitted by DPW, but were erroneously entered on the original ordinance.

Councillor Mahern moved, seconded by Councillor Carson, to amend Proposal No. 342, 2007 as illustrated in Exhibits C and D. The motion carried by a vote of 7-0.

Mr. Seidenstein stated that the increase of FTEs for DPW over 2007 represents the three positions that were added for Fleet Services as a result of the Warren Township merger. Chair Moriarty Adams asked where the three positions can be found. Mr. Seidenstein answered that the positions can be found in the Budget Book under DPW's Union FTEs.

Councillor Mahern said that the proposed FTEs are 678.5, which is an increase of only 1.5 from last year. He asked if there were some previous cuts in FTEs. Mike Williams, Chief Financial Officer (CFO), DPW, stated that there was a reduction of one (1) biweekly position in the Policy and Planning Department and an increase of three (3) Union FTEs as discussed for a net increase of two (2) FTEs. Mr. Seidenstein said that there was an additional half-time position that was eliminated for an increase of 1.5 FTEs, and stated that DPW has agreed to 678.5 as the final number for FTEs.

Robert Yahara, citizen, expressed his support of the Council. He addressed the different tax rates of the various townships inside Indianapolis, as portions of those taxes go toward Public Works. He encouraged the Council to work toward legislation that will help citizens better understand the taxing process. He stated that the old city limits create some of the problems with taxing. Mr. Yahara said that there are 61 different taxing districts. He feels that the Council should give attention to tax rates,

how they are formed, and develop ways to better deal with taxing in the City so that it is equitable for everyone.

Pat Andrews, Vice President, Marion County Alliance of Neighborhood Associations (MCANA), thanked the DPW staff for working with her to educate her on how DPW is dealing with the Storm Water Utility Fund and she is looking forward to discovering how the Fund is budgeted out. She expressed her concern that \$300,000 has been appropriated out of the fund, as there has been a great deal of conversation about keeping the fund a dedicated one. She said that it was critical to MCANA's analysis of supporting the stormwater utility, as there is a need to deal with drainage in the county. She said that it is important that all of the money in the fund be used for what it is intended.

Mr. Clifford stated that the \$300,000 that was appropriated out of the Storm Water Utility Fund was to help pay for the new property system. He stated that the appropriation was made because the stormwater utility needs the Geographical Information System (GIS) and the data from which to prepare the bills. Mr. Clifford said that when the stormwater utility was first created in 2001, there was great difficulty in figuring out how much impervious ground existed in each parcel. He said that it is believed that the new property system will help improve that difficulty; therefore, the allocation is appropriate for the stormwater utility. Mr. Clifford added that the appropriation is a one-time appropriation. Mr. Brown added that when the fund was created, DPW looked at systems to perform the task of figuring out the amount of impervious ground, but it would have cost the City millions of dollars. The allocation was a good idea, as the stormwater has to have a system that completes the task, as the department cannot operate simply with pen and paper. Chair Moriarty Adams asked if citizens could possibly be erroneously billed if the department did not have the correct acreage of property. Mr. Clifford answered in the affirmative. Councillor Cain added that she understands that the appropriation is going toward the stormwater utility and therefore, is not being used for something unrelated.

Glen Pratt, citizen, asked what the final number is on the Sewage Tank Elimination Program (STEP). Mr. Clifford said that there are two types of Capital funds, one of which is the debt service fund (General Obligation Bonds). He said that he believes that Mr. Pratt is referring to a bond issue that was presented that appropriated money to remove septic systems. He said that money is now appropriated into a continuing appropriation that does not go through the budget process each year. Mr. Pratt said that he is very concerned about the raw sewage that flows in the neighborhoods and that there are neighborhoods that do not have safe public water. He said that the City said that it will take 20 years to resolve these problems, but he feels that those things need to be explicitly addressed now. Mr. Clifford said that he does not believe that the septic tank issue was part of the budget presentation. Mr. Brown stated that the program was mentioned as one of the projects of DPW, but the money for the program has already been appropriated and does not go through the budget process that is currently before the Committee. Mr. Pratt said that he agrees with Ms. Andrews with regard to the Storm Water Utility Fund being dedicated for addressing drainage problems in the neighborhoods and eliminating the floods that occur, as he believes that all dedicated funds should be used for what they are intended.

Councillor Mahern moved, seconded by Councillor Keller, to forward Proposal No. 342, 2007 to the full Council with a "Do Pass as Amended" recommendation. The motion carried by a vote of 7-0.

PROPOSAL NO. 384, 2007 - approves a public-private agreement between the Department of Public Works and White River Environmental Partnership for operation and maintenance of Advanced Wastewater Treatment Facilities and Wastewater and Stormwater Collection System

Tim Method, Environmental Coordinator, DPW, distributed a handout (attached as Exhibit E), and stated that he previously provided the Committee with an update on the procurement process that began in the summer of 2006 for entering into a new agreement for the operation and maintenance of DPW's Advanced Wastewater Treatment Facilities and Wastewater and Stormwater Collection System. Mr. Method said that currently there are two contracts with United Water that have existed since 1997, one for the Treatment Plants and Septic System and one for the Collection Systems. He said that the two contracts will now be combined into one contract. Mr. Method read the information listed in the summary on Exhibit E, and he touched on the key features of the new agreement and costs (also included in Exhibit E). Mr. Method stated that the Public Works Board recommended award of the agreement on August 15, 2007.

Councillor Keller asked why DPW chose to base the annual escalator on Consumers Price Index (CPI), as it is referred under "Costs". He stated that it is typically higher than wholesale and believes that something such as Manufacturer's Wholesale would more closely reflect what the City is trying to do. Mr. Method answered that the existing agreement also includes escalator clauses tied to CPI, which escalates annually based on CPI and energy costs. He said that much discussion took place with this agreement about splitting the escalator between the index that is tied more to a labor cost, which is the Employment Cost Index (ECI), versus CPI being more appropriate for goods and services. He said that it is his understanding that most of the agreements that DPW has that relate to goods and services are tied to CPI, and he is unaware of the different indexes.

Councillor Speedy asked if the city pays the electricity bill, with respect to energy costs. Mr. Method answered in the affirmative. Councillor Speedy asked where the escalators enter into the agreement with United Water. Mr. Method answered that in 2008, the base service fee is \$28.3 million, which includes a formula in the agreement that indicates that the amount will be adjusted in 2009 based on a blend of CPI and ECI. He believes that it is currently, 60% CPI and 40% ECI, but energy costs will not enter into the equation under the new agreement. Councillor Speedy asked what provisions are in the agreement to protect the city, taxpayers and rate payers if United Water's ownership changes. Mr. Method answered that there are a number of liability protections and guarantees that ensure that the entity continues to operate the facilities regardless of its owner, as the entity has to maintain sufficient holding to ensure that all obligations can be fulfilled. Councillor Speedy asked if the contract can be assigned to a new owner. Mr. Method answered in the affirmative, but stated that it could only be re-assigned under the circumstances that the new owner is able to demonstrate that the financial capability is available to satisfy all of the obligations of the agreement. Councillor Speedy asked if the Council would have the opportunity to approve an assignment if a change was in order. Kobi Wright, Corporation Counsel, answered that the Council's approval only extends to the actual management agreement, but once the agreement is in place, DPW does the monitoring and administering of the agreement which would include determining if an assignment is proper. Mr. Wright added that this is typically how all of the management agreements that go before the Council are handled. Councillor Speedy said that he is concerned that if there are changes in the international environment to own utilities that there could be changes of entities that may not have the same competency levels or financial wherewithal as the current candidates.

Councillor Mahern asked what the Minority-Owned Business Entity (MBE)/Women-Owned Business Entity (WBE) requirements are of the agreement, as he is aware that United Water typically does a good job of exceeding the requirements. Mr. Method answered that the agreement requires that United Water consistently meet the 15% MBE/8% WBE requirement, and 5% of the incentive is provided if United Water achieves a combined 35% MBE/WBE participation for all goods and services. He said that United Water has previously met 35% to 40% MBE/WBE participation under the existing agreement. Councillor Mahern commented that he is pleased with United Water's ability to achieve 35% to 40% participation and he appreciates their efforts.

Councillor Vaughn stated that he does not feel that a financial incentive should be offered to exclude non-MBE/WBEs in excess of statutory minimums because it actually limits participation past the certain limit that the statute recommends. He stated that, in response to Councillor Speedy's concern, he noticed that there is a Performance Bond and a \$100 million Liability Insurance policy that would cover breaches in performance measures.

Mr. Wright said that although DPW is not required to come before the Council to approve an assignment change, he believes that DPW would seek the guidance of the Council as a policy matter. Kumar Menon, Director, DPW, added that DPW has made it a practice to consistently keep the Council apprised of their actions because DPW believes that the Council acts in the interest of the public and DPW acts with the Council's assistance and direction. He said that if a re-assignment is necessary, DPW will be sure that the Council and the Public Works Board is involved in the process.

Mr. Pratt said that his background consists of working with the Federal Environmental Protection Agency (EPA) and the Indiana Department of Environmental Management (IDEM) during the Hudnut administration. He stated that he was concerned about Mayor Goldsmith's original proposal to sell the sewage plant and the collection system, which in turn became privatized, which was also a concern. Mr. Pratt said that he was involved with organizing a technical advisory group, the Advanced Waste Treatment Group, which is an independent group that originally worked on a monthly basis to look at operations to ensure high quality. He said that there have been past examples of the city, United Water, and the advisory group working together to determine the best operations to address combined sewer overflows (CSO) and other environmental issues. Mr. Pratt said that he supports the proposed contract and believes that it is very rational, but he has a few concerns about the incentive program, because the more you push a plant to the maximum the more likely there is for potential problems.

Tom Brown, General Manager, United Water of Indianapolis, thanked the city for affording United Water the opportunity to continue to provide a quality, cost-effective service. He stated that their proposed cost is very competitive in relation to the open market place. He said that much effort went into the proposal and he is very proud of his team. Best practices relative to the proposal were created and United Water's proven performance goes beyond operating the treatment facilities, as they have also earned a number of operational awards from a nationally-recognized environmental quality association in the United States. Mr. Brown stated that United Water has diligently worked to do things such as exceed minority and women business hiring practices and they have been an integral part of the community. He said that United Water's outreach programs are well-known, such as their Arlington Adopt-a-School program, which hires, counsels, and mentors Arlington High School students during the summer who normally would not otherwise have the opportunity to encounter these

intern experiences. Mr. Brown stated that the proposal has been seriously examined from United Water's standpoint of their interaction with the city, and a more collaborative way of examining things has been created. He said that their goal is to serve the community while also working with the city to achieve the long-term goals and objectives for compliance with water quality. The Committee is aware of the plans for reducing or eliminating the raw sewage overflows and a lot of money has and will continue to be spent on completing this task. Mr. Brown said that United Water has developed new ways of looking at how the facilities are operated from a maintenance standpoint and in preparing for wet weather events. He said that a Wet Weather Command Center has been installed at the Belmont Wastewater Facility and the Administration building to help anticipate when wet weather events that quickly overload the system will occur. Mr. Brown said that United Water also has environmental partnership programs, in which they offer matching grants for "Green" initiatives to enhance the existing Mobile Environmental Education program with the Parks Department, to fund Splash Parks in cooperation with the Parks Department, to support the planting of trees through Keep Indianapolis Beautiful, and to encourage the use of "green" power. He added that United Water has an excellent relationship with their bargaining unit, American Federation of State, County and Municipal Employees (AFSCME) Local 725. Mr. Brown also added that United Water has a long history of excellent relationships, and stated that their contract requires several forms of guarantees which include a Performance Bond, a \$100 million Liability Insurance requirement, and a requirement to maintain a net worth of \$200 million. Therefore, he said that any change of those guarantees would require approval by the city.

Mr. Yahara said that he supports the city's partnership with United Water as a means of solving problems and making the community a safer place to live. He said that in the past, many times the faith-based community has neglected environmental issues, but he reassures that they are re-emerging and realizing that they do have a responsibility to the environment.

Councillor Mahern moved, seconded by Councillor Cain, to forward Proposal No. 384, 2007 to the full Council with a "Do Pass" recommendation. The motion carried by a vote of 7-0.

Conclusion

With no further business pending, and upon motion duly made, the Public Works Committee of the City-County Council was adjourned at 6:13 p.m.

Respectfully Submitted,

Mary Moriarty Adams, Acting Chair

MMA/nsm